SENATOR KENT CONRAD DELIVERS THE
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Hello, I'm Senator Kent Conrad. In my state of North Dakota, we pride ourselves on being fair minded and fiscally conservative. I'd like to talk with you today about applying those same standards to the debate about tax cuts.

Democrats want an immediate, significant tax cut for America. But we want to cut taxes responsibly. To do it right, we've got to answer three questions.

First: How big a tax cut can we afford?
Second: How can we make it fair to everyone?
And third: How do we best grow our economy and expand opportunity?

You've heard a lot by now about President Bush's tax cut plan. But did you know that it's based on ten year projections that are very uncertain? Even the agency that made those projections has warned that based on past performance, we could see anything from a 50 billion dollar deficit to a trillion dollar surplus in the fifth year alone.

So let's be very clear.   All these words about billions of dollars of surpluses for years and years to come may be just that: words. We shouldn't bet the farm - or the future financial security of our nation - on projected surpluses that could vanish as fast as they appeared.

And there's something else you need to know. Over half of the projected surpluses come from trust funds, like Social Security and Medicare. We absolutely must not raid trust funds either to pay for a tax cut or for spending.

President Bush's tax cuts use virtually all of the non trust fund surpluses. That strikes some of us as unwise. What if the forecasts don't come true?   The money simply won't be there - unless the President raids the trust funds. And that would be a very serious mistake. The national debt would begin to grow again, and we would shift that burden of debt to our children.

And, what about the nation's other needs?   Where will the money come from to improve education, provide prescription drug coverage, and strengthen national defense?   Where will the money come from to pay down our long term national debt?

That debt is going to grow. Why? Because of the Social Security and Medicare benefits we will owe to the baby boom generation when they retire. We've just spent the better part of the last decade putting this nation's economy back on track. The results have been remarkable. We must not jeopardize that progress. And we <u>must not</u> return to the days of deficits and decline. America simply cannot afford the Bush tax plan.

But that's not the only problem. The Bush plan is just not fair. The wealthiest 1% get

40% of the benefit... but they <u>pay</u> only 20% of the federal taxes. That's just not right. Not by a long shot. Under the President's plan, a person earning 900,000 dollars a year gets a 46,000 dollar tax cut. Enough to purchase a brand new luxury car. But a family with two kids earning 30,000 dollars a year would get about 200 dollars -- enough to get a tune up.

Democrats have a budget plan that is fair and responsible. It's a balanced plan. We protect the Social Security and Medicare trust funds. We will not raid them for tax cuts or spending. We will cut taxes for all Americans. But we'll focus the biggest share of the benefits on middle and lower income families who really need the help.

And we will reserve enough to invest in the priorities we all care about. Education, because that is our future. Health care and a prescription drug benefit. And of course, our national defense -- not only the weapons we need for a modern military but decent wages for the men and women who serve our nation in the armed forces.   And we will address the long-term debt we face when the baby boom generation retires in just a few years.

We've got to save and invest now to strengthen the economy for the future, keep Social Security and Medicare solvent, and prevent far more difficult choices down the road. That's a balanced plan. That's a conservative plan. That's a compassionate plan. That's our plan.

This is Senator Kent Conrad from North Dakota. Thanks for listening.

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